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Chair: Mr. Zdorov (Vice-Chair) ..... (Belarus)

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In the absence of Mr. Momen (Bangladesh), Mr. Zdorov (Belarus), Vice-Chair, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 17: Macroeconomic policy questions (*continued*) (A/66/388)

(a) International trade and development (*continued*) (A/66/185, A/66/138, A/66/15 (Part I), A/66/15 (Part II), A/66/15 (Part III), A/66/15 (Part IV), A/66/323 and A/C.2/66/4)

(d) Commodities (*continued*) (A/66/207)

1. **Mr. Nassem** (Pakistan) said that to resolve the impasse in the Doha Round multilateral trade negotiations and unleash the development potential of trade through a universal, rules-based, open, non-discriminatory and equitable multilateral trading system, emphasis should be placed on liberalizing the agricultural sector and the movement of persons under the General Agreement on Trade in Services (GATS), eliminating non-tariff barriers, ensuring special treatment for developing countries and promoting a development-oriented regime for Trade-Related Aspects of Intellectual Property Rights. Failure to break the stalemate would weaken the World Trade Organization (WTO) and further distort the world trading system. It was crucial that countries should avoid adopting protectionist measures. Moreover, volatility in commodity markets should be approached from a poverty reduction and development perspective. There was a need for increased and sustained investment in commodities production with a view to addressing supply-demand imbalances, and for monitoring the impact of speculation in commodity futures.

2. **Mr. Jawhara** (Syrian Arab Republic) said that his Government was committed to the multilateral system of international trade, and accordingly aspired to join WTO. The economic and political barriers to WTO membership confronting developing States should be eliminated.

3. The report of the Secretary-General entitled "Unilateral economic measures as a means of political and economic coercion against developing countries" (A/66/138) outlined the adverse impacts on the long-term growth prospects of States targeted by such measures and on the prosperity of their people. The Syrian Arab Republic was being so targeted by the United States of America, the members of the European Union, and a number of other States; details could be found in document A/C.2/66/4. Such measures were not only unethical, they were also illegal, being inconsistent with the purposes and principles of the Charter of the United Nations. In addition, they had a serious negative impact on the international system of trade, creating a climate of uncertainty about the soundness of that system and the good faith of the developed States and impeding the achievement of agreed development goals. States that imposed such measures on other States should desist forthwith, out of respect for the sovereignty and territorial integrity of the latter and concern for their own reputation.

4. **Archbishop Chullikatt** (Observer for the Holy See), noting that the current international trading system was governed by inequities, regretted that prospects for trade reform currently looked more remote than ever, despite the pledges made at the G-20 meeting held in September 2009 to prevent a re-emergence of trade protectionism and to conclude the Doha Round by the end of 2010. The developed countries should summon the political courage necessary for promoting fair trade. Although most of the developed world was experiencing economic difficulties and, in the wake of trade reform, job losses, even a modest reduction of protectionist measures on certain agricultural products would have a considerable impact on the livelihoods of numerous small farmers in developing countries. Agriculture was a pivotal sector for many such countries because the majority of the world's poor lived in rural areas and because, unlike developed countries, developing countries were unable to protect their farming population. Prospects and opportunities for the developing countries could be improved through new trade accords seeking pro-poor outcomes, trade agreements among those countries for agricultural and manufactured products, and aid-for-trade measures designed to strengthen their transport infrastructure, storage facilities and trade institutions.

5. **Ms. Luna** (Mexico) expressed concern about the impact of high commodity prices on economic recovery and the increasing financial speculation in the global food markets. In that connection, Mexico favoured a multilateral trade system conducive to economic growth and development; it supported United Nations efforts to promote international cooperation aimed at building the trade capacities of

developing countries and hoped for tangible progress through the Doha Round negotiations. Viewing trade as a strategic contributor to development, Mexico was concerned by the repercussions of the global financial and economic crisis on international trade, and by the fragile and uneven recovery trade flows. In that context, Mexico had actively participated in the fifty-second executive session of the Trade and Development Board, held in Geneva on 11-12 April 2011 in preparation for the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII), scheduled to take place in Doha on 21-26 April 2012. It hoped that the UNCTAD agenda would comprehensively address trade and development issues, including questions related to financing, technology, investment and sustainable development, and supported strengthening North-South, South-South and triangular cooperation aimed at inclusive development and sustainable growth.

6. **Mr. Gumende** (Mozambique) said that the global economic and financial crisis led to significant changes in Mozambique's trade relations. Substantial expansion and diversification of its export base had been complemented by major reforms of import tariff schedules, leading to a positive overall outcome. The remaining challenges required tackling supply-side constraints to allow Mozambican exporters access to crucial international markets and included improving infrastructure to promote trade competitiveness and reduce production costs.

7. Aid for trade was important to enhancing and diversifying production capacity, particularly in the least developed countries; and justified the mobilization of additional resources in the form of grants. Moreover, in view of continuing disagreements in the Doha Round negotiations, Mozambique called on all parties to seek a positive conclusion at the Eighth Session of the WTO Ministerial Conference so that developing countries could fully participate in the global economy and share the benefits of the multilateral trading system. Lastly, for developing countries to be able to face the impact of commodity price volatility, which particularly affected economies that were net food importers or produced tropical crops, the international community should help the countries concerned to create national capacities for adaptation and resilience.

8. **Mr. Mchumo** (Common Fund for Commodities (CFC)) said that CFC probably remained the strongest embodiment of international consensus on the need to address commodity dependence as a global development problem. The current arsenal of policy responses and international instruments for dealing with various aspects of such dependence included measures going beyond supply management, such as risk mitigation by risk transfer and risk management, the horizontal and vertical diversification of the commodity sector, value chain transparency and efficiency improvement, income support measures and revenue management. The international consensus required for global supply management to have any practical effect had not fully materialized in over 20 years of CFC operations. Consequently, the renewed attention paid by the G-20 to market transparency as a means of ensuring food market stability was welcome. In the run-up to UNCTAD XIII, CFC would do its part in attending to the relevant issues in the light of rapidly expanding knowledge of the commodity market as a mirror of global capital movements.

9. Meanwhile, commodity-dependent countries could take advantage of the opportunities emerging in commodity markets through targeted action leading to a self-reinforcing cycle of economic growth in commodity sectors. Relevant operations should be undertaken as close as possible to the primary producers and allow the private sector, financiers in particular, to participate as early as possible. Difficulties encountered in reducing commodity market volatility should not discourage efforts to address the developing countries' commodity-related vulnerability, which was also a symptom of failing attempts to launch sustained and diversified economic growth. In that connection, rising income inequality, social inequity and lack of opportunities for the poor were of particular concern.

10. Finding new ways to take commodity-dependent developing countries out of the circle of commodity dependence involved agricultural productivity enhancement through technology and knowledge, effective use of productive resources and water, improved market linkages and direct risk transfer and mitigation to reduce the vulnerability of producers. The Second Committee should articulate the need for an open and flexible strategy to deal with commodities as a pillar of sustainable global growth and development.

11. **Ms. Barth** (International Labour Organization (ILO)) said that open markets had the ability to free countries from the constraints of their local economies,

ensure gains in productivity through greater efficiency and technological progress, and provide a stimulus for the world economy. On the other hand, trade liberalization was associated with both job destruction and job creation. In the short run, the resulting net employment effects could be positive or negative, depending on such country-specific factors as the functioning of the labour and product markets. In the long run, however, the efficiency gains caused by trade liberalization were expected to lead to positive overall employment effects, in terms of quantity of jobs or wages earned. Nevertheless, where trade liberalization affected parts of the labour force negatively, labour and social policies were required in order to redistribute some of the gains from trade.

12. For the least developed countries, integration into the world economy through trade and investment was a key to development. However, those countries should have the policy space to decide how fast and how far to reduce protection for their own producers, and must invest in skills, employability and a basic social protection floor. To boost growth and jobs on a sustained basis, open trade must be accompanied by policies to address adjustment problems and distributional concerns and to promote macroeconomic stability, employment, social protection and education. A successful conclusion to the Doha Development Agenda would mean that Governments continued to oppose protectionism and sought new opportunities for growth, development and job creation through trade.

13. **Mr. Bredel** (United Nations Industrial Development Organization (UNIDO)) said that, for countries with small domestic economies, effective integration into regional and global trade promised greatly expanded demand for their goods, with concomitant job creation and income generation to reduce poverty and inequality. Many developing countries were severely challenged by the vicious cycle of volatility caused by overreliance on primary commodities and by fluctuating commodity prices, and faced the challenge of diversifying their production and export base towards manufactured goods, which often provided stronger and more sustained growth stimuli than other types of exports. Globalization had transformed the concept of industrial development "trade in tasks" had significantly grown in importance, especially as a means where by developing countries could integrate into international market; and the strong growth of the emerging economies had led to an increase in trading opportunities, particularly through South-South cooperation and regional trade.

14. Over and above preferential tariffs, developing countries needed to develop competitive supply capacities, ensure conformity of their products to the requirements of competitive markets. Restrictive rules of origin and non-tariff barriers in the form of health and safety, quality and environmental standards imposed considerable challenges. Building trade capacity to assist developing countries and transition economies in increasing and diversifying their exports, was a cornerstone of the technical cooperation programmes and trade-related assistance work of UNIDO, which participated in, inter alia, the Enhanced Integrated Framework and the InterAgency Cluster on Trade and Productive Capacity of the United Nations Chief Executives Board; and had coordinated the 2010 edition of the United Nations Inter-Agency Resource Guide on Trade Capacity Building. UNIDO would continue to advocate that trade-related challenges should be placed at the centre of the international development debate.

The meeting rose at 10.54 a.m.